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June 21, 2013

Ms. Marlene Dortch Secretary Federal Communications Commission 445 12th Street, S.W. Room TW-A325 Washington, D.C. 20554

Re: Ex Parte Notice

Expanding the Economic and Innovation Opportunities of Spectrum Through Incentive Auctions, GN Docket No. 12-268; Policies Regarding Mobile Spectrum Holdings, GN Docket No. 12-269

Dear Ms. Dortch:

On June 19, 2013, Tom Sugrue, Kathleen Ham, Steve Sharkey, and Chris Wieczorek of T-Mobile USA, Inc. ("T-Mobile"); Gregory Rosston, Deputy Director of the Stanford Institute for Economic Policy Research (representing T-Mobile), and Andrzej (Andy) Skrzypacz, the Theodore J. Kreps Professor of Economics at Stanford Graduate School of Business (representing T-Mobile by phone); and Trey Hanbury of Hogan Lovells US LLP (representing T-Mobile) met with Ruth Milkman, Gary Epstein, Evan Kwerel, Steve Wildman, Tom Peters, Edward Smith, Brett Tarnutzer, John Leibowitz, Jessica Almond, and Sasha Javid of the Federal Communications Commission; Karla Hoffman of George Mason University (advising the Commission); Ilya Segal of Auctionomics, a consulting firm that is advising the Commission regarding auction theory (by phone); and Jonathan Levin of Auctionomics (also by phone).

During the meeting, T-Mobile proposed a seamless way to allow the market to ensure that protections against excessive concentration of low-band spectrum resources do not affect whether revenue targets are met in the incentive auction – a Dynamic Market Rule, as illustrated in the attached slide. Under the Dynamic Market Rule, the auction would first proceed with a spectrum-aggregation limit.¹ If the Commission's revenue target is met while the limit is in place, then the

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¹ T-Mobile has proposed a one-third spectrum aggregation limit on low-band spectrum and also has provided for an exception to that limit that would allow AT&T and Verizon to obtain a 5x5 MHz block of spectrum in any market where they exceed the limit. See, e.g., Ex Parte Letter from Trey Hanbury, Counsel to T-Mobile USA, Inc. to Marlene H. Dortch, Secretary, Federal Communications Commission, WT Docket No. 12-269 (May 30, 2013). The Dynamic Market Rule is flexible enough to accommodate

auction would be able to close once there is no longer any active bidding. If the revenue target is not met, however, the limit would be gradually relaxed. Should the bidding fail to clear the revenue target once the limit is completely removed, the Commission would resume the process by starting at the next lower spectrum target with the aggregation limit in place.

T-Mobile is confident that the limit on low-band spectrum that it has proposed will have no adverse effect on auction revenue, and should in fact increase revenue while helping increase the amount of spectrum cleared at auction. T-Mobile's proposed Dynamic Market Rule is simple and seamless, and would provide a certain method to put such a spectrum aggregation limit to a market test. By relying on actual bids rather than predictions of bidder behavior, the Dynamic Market Rule helps remove any risk that revenue targets for clearing broadcasters and funding the FirstNet public safety network will not be met. Imposing modest constraints on excessive low-band spectrum aggregation will promote competition, increase consumer choice, encourage innovation, and accelerate broadband deployment. The same pro-competitive limit, in T-Mobile's view, can enhance the Commission's ability to fund public safety, broadcast relocation, and other public interest goals through the auctions process. The Dynamic Market Rule would allow the Commission to promote consumer interests through wireless competition while enabling the market to confirm that the spectrum aggregation limit is working as intended.

Consistent with section 1.1206 of the Commission's rules, please associate this letter with the above-referenced docket.

Respectfully submitted,

/s/ Trey Hanbury

Trey Hanbury
Counsel to T-Mobile USA, Inc.